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and it would seem improbable that the commissioners who framed the compact had in mind the exemption of this land from all taxation. In the absence of a more exact definition of what was conceded to New York by the words "exclusive jurisdiction," it is suggested that the grant in derogation of the sovereignty, given *prima facie* to New Jersey, is a servitude, to be strictly construed. Hall, *International Law* (4th ed.) p. 166.

The position of the New Jersey court is supported by the opinions in the two important adjudications of the treaty, dealing with other questions arising under it. *State v. Babcock* (1862) 30 N. J. L. 29; *The People v. Central R. R. of New Jersey* (1870) 42 N. Y. 283. There is an express disavowal of sovereignty in the New York case. Mr. Justice Elmer, one of the New Jersey commissioners who drew up the treaty, in his opinion in *State v. Babcock*, clearly defines the jurisdiction as a limited one, saying that there was left "to New York what was thought to be quite as much a burden as a privilege, the exclusive jurisdiction over offences in or upon the waters outside of the low water mark." Some support for the opposite view is to be found in dicta in *The Norma* (1887) 32 Fed. 411. But these cases do not go to decide the specific question here, which presents a new phase of the compact. It is perhaps worthy of note that New York has never attempted to assert the sovereign power of taxation over the land in question.

THE APPORTIONMENT OF STOCK DIVIDENDS BETWEEN THE LIFE TENANT AND REMAINDERMAN.—Where a testator wills stock to A for life remainder to B, and makes no specific provision for stock dividends, it becomes important to determine whether these are to be treated as income or capital. Three cases may arise: (a) where the company declares a stock dividend against capital invested in corporate property before or at the testator's death, (b) where stock dividends are declared against cash profits, (c) where they are declared against property of the corporation purchased in whole or in part by profits earned after the testator's death. All such dividends, according to the U. S. Supreme Court, which follows Massachusetts, are capital and go to the remainderman. *Gibbon v. Mahon* (1889) 136 U. S. 549. The Supreme Court of Illinois has recently approved this broad rule. *De Koven v. De Koven* (1903) 68 N. E. 930. Its reasoning in brief was that income is the payment of profits to the stockholder, and that by a stock dividend nothing is paid to him; that after such a dividend is declared the stockholder has merely the evidence of addition to corporate capital, and has received nothing more than he had before, the old and new stock together representing the same interest in the company that the old stock represented, and that this interest which the stockholder has in the company is what is meant by capital.

Though this is a sound analysis of the economic nature of a stock dividend the conclusion that such dividends in all of the above situations should go to the remainderman would not seem to follow.

There seems to be sufficient difference in these situations to warrant holding that the testator may have intended to dispose differently of these dividends—and this without violence to the terms of the will. The general intention fairly inferable from such a disposition is (1) that the investment that the shares represent in the company at the time of the testator's death should be preserved as the corpus of the estate to the remainderman, and (2) that what represents returns on that investment in whatever form distributed should go to the life-tenant. Where then the stock dividend is issued against capital invested prior to the testator's death it represents the original investment and so should be preserved to the remainderman. And this is the general holding. *Hite v. Hite* (1892) 93 Ky. 257. Where on the other hand the stock dividend is issued against accumulated cash profits it represents not the original investment itself but returns on that investment and should go to the life tenant. This too is the rule in many jurisdictions but its application varies. For example in Pennsylvania where cash dividends are apportioned between the life-tenant and the remainderman according as the earnings were made after or before the testator's death, stock dividends issued against cash profits are apportioned in the same manner. *Earp's Appeal* (1857) 28 Pa. St. 368. On the other hand the New York courts have decided that all such stock dividends go to the life tenant in accordance with their rule giving all cash dividends to the life tenant irrespective of whether the earnings were accumulated before or after the death of the testator. *McLouth v. Hunt* (1897) 154 N. Y. 179; *Jermain v. Lake Shore & M. S. R. R.* (1883) 91 N. Y. 483. And in the third situation where it can fairly be said that the stock dividend is issued against an increase of invested capital drawn from earnings accumulated after the testator's death the same reasoning should apply and the dividend be given to the life tenant. It does not seem material that the declaration of the dividend is not coincident with the investment if it can fairly be identified with it. It still in effect represents earnings on the original investment and not that investment itself. And it has been so held in some jurisdictions. *Pritchett v. Nashville Trust Co.* (1896) 96 Tenn. 472.

ADMIRALTY JURISDICTION OVER CANALS AND CANAL BOATS.—The United States Supreme Court has recently held that the Erie Canal is a navigable water of the United States, within the admiralty jurisdiction, that canal boats employed thereon are ships, within the meaning of admiralty law, and that a contract to repair such a canal boat is, therefore, a maritime contract. *Perry v. Haines* (1903) 24 Sup. Ct. R. 8. The need of uniform rules to govern shipping on the high seas led to the adoption of the general maritime law in England. Despite the opposition of the Common Law courts admiralty jurisdiction was established over all waters within the ebb and flow of the tide, and this in effect included all navigable waters. In the first instance the United States Supreme Court applied this "tidal test", *The Thomas Jefferson* (1825) 10 Wheat.